Manitoba

Annual Report 1985-86

Manitoba Lotteries Foundation

Manitoba Lotteries Foundation

(As at March 31, 1986)

THE HONOURABLE EUGENE KOSTYRA
Minister Responsible for the Administration of
Manitoba Lotteries Foundation Act

BOARD OF DIRECTORS

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J. Carrigan
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R. Moffat
F. Powell
V. Pruden
H. Robinson

G. Manness
General Manager

ORGANIZATIONAL STRUCTURE

ROLE

The Manitoba Lotteries Foundation has two distinct yet related roles:

1. The conduct and management of lottery schemes on behalf of the Province of Manitoba.

2. The licensing of charitable and religious organizations to conduct gaming activities on their own behalf, the profits from which are to be used for charitable or religious purposes.

MANITOBA LOTTERIES FOUNDATION

830 EMPRESS STREET, WINNIPEG, MANITOBA R3G 3H3
TELEPHONE: (204) 945-3524

Honourable Judy Wasylycia-Leis
Minister responsible for
The Manitoba Lotteries Foundation Act
Room 141 Legislative Building
WINNIPEG, Manitoba
R3C 0V8

Madam:

I herewith present the Third Annual Report of the Manitoba Lotteries Foundation.

To the best of my knowledge, this report is an accurate summary of the activities and accomplishments of the year ended March 31, 1986.

Respectfully submitted,

Lois Toms

Lois Toms
Chair
Manitoba Lotteries Foundation Board

MANITOBA LOTTERIES FOUNDATION

830 EMPRESS STREET, WINNIPEG, MANITOBA R3G 3H3
TELEPHONE: (204) 945-3524

Ms Lois Toms
Chair
Manitoba Lotteries Foundation
830 Empress Street
WINNIPEG, Manitoba
R3G 3H3

Dear Ms Toms:

I have the honour to herewith transmit the Third Annual Report of the Manitoba Lotteries Foundation for the fiscal year ending March 31, 1986.

The Report of the Provincial Auditor and operational highlights are provided within.

Respectfully submitted,

Garth Manness
General Manager

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REPORT FROM THE CHAIR:

The fiscal term 1985-86 was financially successful for the Manitoba Lotteries Foundation. It was a year of growth and change and one which saw the consolidation of five separate Manitoba Lotteries Foundation offices into a single, centralized location at 830 Empress Street in Winnipeg. The move, completed in May 1985, allowed for a more efficient and effective operation of the Foundation in general.

This was a year that witnessed streamlining of gaming activities assumed by the Province of Manitoba in early 1984. Bingo operations continued at the three Manitoba Lotteries Foundation premises (two located on McPhillips Street and another located on Nairn Avenue in Winnipeg) for the bulk of 1985. The 1015 McPhillips Street location was closed December 31st, 1985, however, at the direction of the City of Winnipeg. The Foundation has not replaced or re-opened this hall to date. Instead, it has continued to oversee the activities of the two remaining bingo halls while exploring possibilities for future development of bingo halls in other areas of Winnipeg.

License applications from charitable and religious organizations were reviewed in detail by the Board of the Foundation throughout the year. Board members continued to study and review the definition of "charitable organization" to ensure only legitimate groups could be licensed to operate gaming activities in Manitoba.

In the fiscal term 1985-86, the Board supervised the review of the Umbrella System conducted by Mr. A. R. (Al) Miller. Umbrella and interested community groups from all over Manitoba met with Mr. Miller to review the distribution of lottery revenues. He subsequently prepared a report that was presented to the Board and, in turn, submitted to the Honourable Eugene Kostyra, then-Minister Responsible for Lotteries. Through this process, the Board of the Manitoba Lotteries Foundation gained an improved understanding of the needs of our Province's urban and rural communities as well as the importance of a good revenue distribution system.

In June 1985, the Board approved the purchase of a major security system for the Foundation's permanent casino at the Winnipeg Convention Centre. This system put Manitoba in the forefront of casino security in Canada and on a par with security systems in casinos throughout North America. Its installation will continue to assist the Foundation in the provision of a secure environment for participating Manitobans and ensure the fair and efficient operation of casino games.

In December 1985, the Board ratified a Cabinet decision to reduce the Gaming Fund contribution on breakopen tickets from 11% to 6%. This meant a corresponding increase of 5% of gross sales for organizations selling breakopen tickets, allowing them to generate more income for the projects and programs they support.

The Board was pleased with the overall operation of the Foundation in the 1985-86 fiscal term. On behalf of the Board of Manitoba Lotteries Foundation, I extend appreciation to the management and staff for their efforts that ensured the success of this fiscal period.

Lois Toms
Chair

REPORT OF THE GENERAL MANAGER:

The fiscal year 1985-86 saw a significant growth in revenue distributed by the Manitoba Lotteries Foundation to the beneficiaries: six Umbrella Groups, six Special Agreement Groups, and two Departments of Government. This increase in revenue was a result of improved performance in all areas of the Manitoba Lotteries Foundation business.

An increase in net profits of 31.7% was accomplished with a marginal rise in administrative expenses: less than one-half of one percent from 1984-85 to 1985-86. The Foundation worked strenuously to meet a mandate of maximizing proceeds to charitable organizations while keeping administrative expenses to a minimum.

Sales of Lotto 6/49 escalated by a brisk 66% during the 1985-86 fiscal period, boosting total lottery ticket sales by 33% overall. Innovative bonus draws and a variety of new product designs also contributed to the rise in popularity of tickets available in Manitoba's lottery market. Lotto 6/49 clearly captured the imagination of the public and with the introduction of twice-weekly draws in September of 1985, quickly became this Province's leading game.

The Manitoba Lotteries Foundation bingo halls continued to be beneficial to the many organizations that shared in funds generated through their operation. Revenue over expenditure increased by 46% and several factors were responsible for this dramatic rise. The Foundation assumed responsibility for the bingo halls in June 1985 and thus accounted for ten months of operation during the 1984-85 fiscal period. In 1985-86 two halls were operated for a full twelve months and the third, 1015 McPhillips was closed on December 31, 1985 after just nine months of operation. The Foundation has continued programs to streamline the operations of the bingo halls thus ensuring sponsoring organizations receive appropriate revenues for their evening's work.

The fiscal period of 1985-86 also saw a significant rise in casino revenues both to groups within the City of Winnipeg and those involved in casinos outside the city limits. This increase of 94% overall can be attributed to a growth in daily revenues and in daily net profits.

The Manitoba Lotteries Foundation has had close co-operation with the Umbrella and Special Agreement Groups, the Western Canada Lottery Corporation and many other agencies and looks forward to continuing those relationships in the future.

Garth Manness
General Manager

SECURITY AND LICENSING

INTRODUCTION: The Law and The Manitoba Lotteries Foundation

The program of inspection, investigation and enforcement is formulated and implemented by the MLF's Security and Licensing Division. These programs are designed to ensure that honesty, integrity, accountability and fair play are maintained in Manitoba gaming.

Criminal Code of Canada — An Excerpt:

Section 189 — Explains that participation in lotteries and games of chance are illegal except for provincial governments and those operating under a duly authorized license. All others are guilty of an indictable offence and liable to imprisonment for up to two years.

Section 190(1) — Notwithstanding any of the provisions of this Part relating to gaming and betting, it is lawful

(a) for the government of a province, either alone or in conjunction with the government of another province, to conduct and manage a lottery scheme in that province, or in that and the other province, in accordance with any law enacted by the legislature of that province;

(b) for a charitable or religious organization, pursuant to a license issued by the Lieutenant Governor in Council of a province or by such other person or authority in the province as may be specified by the Lieutenant Governor-in-Council thereof, to conduct and manage a lottery scheme in that province if the proceeds from the lottery scheme are used for a charitable or religious object or purpose.

Manitoba Legislation:

With the authority provided in the Criminal Code of Canada, Manitoba in June of 1982 passed and on March 30, 1983 proclaimed the Manitoba Lotteries Foundation Act. This established the Manitoba Lotteries Foundation as a crown agency with the responsibilities of conducting and managing lottery schemes for the Goverment of Manitoba as well as licensing charitable and religious organizations to conduct lottery schemes in the Province.

The Act calls for the Foundation to be directed by a Board consisting of a minimum of nine members appointed by the Lieutenant Governor-in-Council.

SECURITY

The primary objective of the Security Section is to assure appropriate security in the physical facilities of the MLF's various gaming operations throughout the Province, and in gaming products offered to the public.

The Security Section also implements and maintains security measures and contingency plans for the MLF's gaming operations and its staff, meeting the safety and emergency requirements of the Foundation.

Internal inquiries are also the responsibility of this important branch of the Foundation.

Investigations and Inspections:

A variety of investigations are conducted by the Manitoba Lotteries Foundation's Investigations team:

a) Complaints regarding licensing and licensed organizations;

b) Violations of the MLF's Terms and Conditions;

c) Criminal Code and statutory offences;

d) Special investigations as directed by the MLF Board.

TABLE 1.

Number of Investigations: April 1, 1985 to March 31, 1986.

Complaints and Investigations	530
Licensing Referrals	54
Audit Referrals	16
Bingo Inspections	33
Breakopen Ticket Inspections	54
Breakopen Ticket Inspections (Hotels)	92
Casino Inspections	1
Lottery Ticket Sales & Distribution	4
TOTAL	784

TABLE 2.
Criminal Cases and Dispositions: April 1, 1985 to March 31, 1986.

Criminal Case	Disposition
1. Fraud over $1,000.00 (Section 338, Criminal Code)	2-year suspended sentence; to pay full restitution $6,500.00; psychiatric counselling; to perform 200 hours community work.
2. Theft (Section 294b, Criminal Code)	2-year probation; conditional discharge; pay restitution $168.00
3. Possession of Goods by Crime (Section 312a, Criminal Code)	All charges stayed by the Crown Attorney.
4. Uttering Forged Document (Section 326, Criminal Code)	2-year suspended sentence, 3-year probation; to reside in St. Norbert Foundation; abstain from drugs and alcohol; pay restitution $375.00 within 1 year.
5. Possession of Goods by Crime (Section 312a, Criminal Code)	Fined $300.00.
6. Fraud by Deceit (Section 338, 1, Criminal Code)	Fined $200.00.

LICENSING

Lotteries and gaming activities are illegal under the Criminal Code of Canada EXCEPT those allowed by provincial governments. These must either be conducted or licensed by the provinces or bodies designated by the provinces.

Licensed gaming provides many charitable, religious, sports and community organizations with a vital source of revenue for their projects and programs. The Manitoba Lotteries Foundation is responsible for the accountability, fairness and integrity of all gaming activities within Manitoba with the exception of raffles offering total prizes less than $3,000.

The Manitoba Lotteries Foundation has been charged with the responsibility of providing a licensing system for the Province and has the authority to both grant and revoke licenses, according to the Terms and Conditions established by the Board.

Licensing Review Sub-Committee:

The Manitoba Lotteries Foundation's Board directs the activities of the Foundation in accordance with The Manitoba Lotteries Foundation Act. It consists of no less than nine members, each of whom are appointed by the Lieutenant Governor-in-Council.

The Manitoba Lotteries Foundation issues lottery licenses through its licensing division. Organizations must complete and file a lottery license application. All applications are thoroughly researched and presented to the Licensing Review Sub-Committee of the Board of Directors of the Foundation.

Under Section 190 of the Criminal Code of Canada, the Board may issue gaming licenses where it is deemed expedient and in the best interest of the inhabitants of the Province of Manitoba and where:

(a) The applicant is a charitable or religious organization;

(b) The applicant is an agricultural fair/exhibition or an operator of a concession leased from an agricultural fair/exhibition board;

(c) The applicant is a person who may be licensed to conduct or manage a lottery at a public place of amusement.

Licensed Gaming in Manitoba:

Licensing policies in Manitoba are designed to assist organizations in their fund-raising through the establishment of regulations that provide accountability and adequate controls. They are also intended to ensure profits to charities are maximized and that all games offer the public a fair chance to win.

The internal structure of the MLF includes both an audit section and an investigative team to ensure profits earned from the operation of licensed gaming activities are used in a manner that is consistent with the charitable objectives approved in the group's licence application.

During the 1985-86 fiscal period, the Board's various Licensing Review Sub-Committees reviewed over 2000 lottery licence applications.

License Application Hearings:

If, for any reason, a lottery license application is rejected by the Licensing Review Sub-Committee, all applicants have the right to request a review. Applicants may appear in person before a meeting of the entire Board or submit written argument. Once rendered, the decision of the Board is final. Applicants may re-apply at any time. The lottery licensing term is one year.

TABLE 3.
Active Licenses (3-year comparison).

	1983-84 (15 months)	1984-85	1985-86
Bingo	461	661	614
Breakopen Tickets	985	713	704
Raffle	190	206	270
Casino	40	—	—
Wheels of Fortune	78	62	44
Calcutta	82	46	47
Midway	6	8	7
Exhibitions	—	1	—
Agricultural Fair	2	—	1
Monte Carlo Casino	—	1	7
	1,844	1,698	1,694

During 1983 the licensing period was shifted from the calendar year to a fiscal year. Therefore, 1983 figures represent 15 months of activity.

Organizations had previously been licensed to operate in the three large bingo halls in Winnipeg. On June 1, 1984, the Manitoba Lotteries Foundation assumed the operation of the halls and licenses for these activities are no longer required.

The above licenses do not include hotels which sell breakopen tickets on behalf of Manitoba Medical Research.

AUDIT AND ADMINISTRATION

The Audit and Administration Division of the Manitoba Lotteries Foundation is responsible for such centralized, internal services as:

a) all the MLF's accounting functions and the management of the Foundation's financial affairs;

b) computer system design development in addition to computer operations and information processing;

c) the co-ordination of the formal, operational and strategic planning activites of the MLF;

d) financial analysis and audit of the MLF's various lottery licenses in additional to internal audit functions;

e) central purchasing of supplies, materials and equipment necessary in the overall operation of the MLF on a daily and year-round basis;

f) other related clerical functions such as reception and switchboard and operation of the Order Desk on the MLF premises.

TABLE 4.
Projected Proceeds of Licensed Activities.

		Revenue	Prizes	Expenses	Profit
1985-86*					
Bingo	614	$29,070,000	$20,991,000	$ 3,535,000	$ 4,544,000
Breakopen	704	$46,848,000	$30,451,000	$ 6,589,000	$ 9,808,000
Raffle	270	$ 6,469,000	$ 3,096,000	$ 741,000	$ 2,632,000

*Projections based on 38% of financial reports reviewed.

1984-85*					
Bingo	661	$28,085,000	$20,463,000	$ 4,086,000	$ 3,536,000
Breakopen	713	$52,765,000	$34,726,000	$ 8,106,000	$ 9,933,000
Raffle	206	$ 4,258,400	$ 2,022,000	$ 561,000	$ 1,675,400

*Projections based on 75% of financial reports reviewed.

MARKETING AND COMMUNICATIONS

The Marketing and Communications Division of the Manitoba Lotteries Foundation consists of two distinct yet inter-connected branches: the Marketing Section and the Communications Section.

MARKETING

The Marketing Section is responsible for the marketing and distribution of all national (Super Loto, Lotto 6/49 and The Provincial) and regional (Western Express, Lotto West and Instant/Scratch games) lottery tickets.

MLF Marketing: 1985-86

During the fiscal year of 1985-86, a permanent retail sign and fixture package was introduced to all lottery retail outlets in Manitoba. Both exterior and interior signage was created and provided by the Western Canada Lottery Corporation through the Marketing Section of the Manitoba Lotteries Foundation.

A total of 149 additional Ticket Issuing and Validating Machines (TIVM) for the operation of national and regional lottery ticket games (Lotto 6/49 and Lotto West) were installed at various locations (rural, urban and northern) throughout the Province in that same fiscal period.

The MLF/WCLC Connection

The Western Canada Lottery Corporation works in conjunction with the MLF by providing the design and printing of tickets, payment of prizes and administration of games. The Manitoba Lotteries Foundation's Marketing Section deals directly and regularly with the WCLC in a co-operative effort to effectively co-ordinate marketing of national and regional lottery tickets within the Province. Relevant statistics, related lottery ticket information as well as multi-media advertising, public relations and point-of-sale materials for national and regional lottery ticket games are also created and supplied to the MLF by the Western Canada Lottery Corporation.

COMMUNICATIONS

The Communications Section was specifically created to inform the Manitoba community of the operation of the Manitoba Lotteries Foundation and the distribution of gaming funds.

Communications: 1985-86

A full-time position of Communications Co-ordinator was created and subsequently filled during the 1985-86 fiscal year. Plans for the creation of an entire Communications branch to create, develop and implement various informational, educational, advertising and public relations programs and projects were also submitted and finalized during the 1985-86 fiscal year.

GAMING OPERATIONS

The Gaming Operations Division of the Manitoba Lotteries Foundation was established in December of 1985 and was responsible for the operation and management of casinos, bingo halls and break-open ticket sales throughout the Province during the remainder of the 1985-86 fiscal period.

CASINOS IN MANITOBA: 1985-86

In Winnipeg, all casinos were held at various times throughout 1985-86 at the Manitoba Lotteries Foundation's permanent, downtown casino — situated on the second floor of the Convention Centre complex, 375 York Avenue.

Of the MLF's Umbrella and Special Agreement Groups, the following benefitted from the financial proceeds of these casinos:

Umbrella Groups:

a) Manitoba Arts Council
b) Manitoba Sports Federation
c) Manitoba Heritage Foundation
d) Manitoba Intercultural Council
e) Manitoba Community Services Council
f) Manitoba Community Education Association

Special Agreement Groups:

a) Le Festival du Voyageur
b) Red River Exhibition Association
c) Winnipeg Blue Bombers Football Club
d) Folk Arts Council of Winnipeg (Folklorama)

In order to assist in the maintenance of fair play and game integrity, the MLF's Winnipeg casino underwent a series of renovations during this period. Permanent ancillary space for accounting, banking and casino staff facilities was planned and constructed.

A new state-of-the-art TV surveillance system, the only one of its kind in Canada, was installed. Consisting of 36 TV cameras capable of 360-degree rotation situated in ceiling-mounted domes throughout the casino, the system permits extensive coverage and observation of the entire casino floor-space, specific "secure" areas, cash counting room and vaults. The surveillance system has a centralized monitor room staffed by MLF security personnel. Since its implementation, the new system has heightened and improved the overall security of the casino.

Casino staff underwent a variety of training programs and update sessions in order to maintain a high level of proficiency and integrity in the operation of games such as blackjack, wheel of fortune and roulette.

Rural casinos operated in 28 different locations throughout Manitoba for a total of 114 days during 1985-86. The proceeds from these events were earned directly by the various charitable groups involved.

MLF BINGO HALLS IN WINNIPEG: 1985-86

Funds raised at MLF-operated bingo halls go directly to the charitable community groups supplying the specified numbers of volunteers who assist in the operation of each bingo event. The Umbrella Groups determine which organizations will be scheduled for bingo events.

The Manitoba Lotteries Foundation operated a total of three bingo halls in the Province during 1985-86, all located in Winnipeg. These were:

a) Pot O' Gold Bingo (427 McPhillips Street);
b) Bonanza Bingo (970 Nairn Avenue);
c) Winfall Bingo (1015 McPhillips Street).

This last location was closed on December 31, 1985. As a result, revenues and attendance rose at the two remaining MLF bingo halls while the number of bingo events available to Umbrella Groups were significantly decreased. Not long afterward, an MLF review was instituted in order to create a plan designed to realistically meet the new demand for bingo events at the Manitoba Lotteries Foundation's bingo halls in Winnipeg.

BREAKOPEN TICKETS

Production and distribution of breakopen tickets throughout the Province is managed by the Manitoba Lotteries Foundation. Profits from the sale of these tickets go to the licensed organizations who sell them and the charitable causes they support.

Breakopen Ticket Sales by Licensed Volunteer Groups: 1985-86

Two new breakopen ticket games were introduced during the 1985-86 fiscal period. These two $1.00 tickets, Grand Prix and Bingo, increased the selection of games that included the fifty cent Bar 10, the Nevada Club Series of $0.50 and $1.00 tickets, and Best Bet, the $0.25 ticket.

A new profit system was also unveiled for tickets sold by churches, community clubs, and other charitable groups. Here, profits increased from 21% to 26% of gross receipts in proportion with a decrease in the amount set aside for the provincial Gaming Fund.

Breakopen Ticket Sales in MLF Bingo Halls: 1985-86

Breakopen tickets can also be purchased and cashed at MLF bingo halls in Winnipeg. During 1985-86 several new breakopen ticket systems were introduced. Breakopen ticket cashiers were officially added to the roster of contract staff at the MLF's Winnipeg bingo halls in July of 1985. Any prizes over the amount of $5.00 are paid out by these new cashiers while the actual sale of the tickets remains the responsibility of volunteers.

Breakopen Ticket Sales in Manitoba Hotel Association-Member Hotels: 1985-86

During the fiscal year of 1985-86, Manitoba Hotel Association-member hoteliers again supported Manitoba Medical Research through the sale of breakopen tickets in their establishments. Through this program 13.5% of gross sales are directed to research programs at the three teaching hospitals in Winnipeg, the Manitoba Research Council and the Manitoba Health Services Commission.

DISTRIBUTION OF FUNDS

UMBRELLA GROUPS

Umbrella Groups are representative bodies within the Manitoba community whose "member" organizations share common or similar objectives.

Groups with a common interest in providing cultural opportunities for artists, musicians and writers within the Manitoba community would be represented within the "Umbrella" for arts. Organizations with like objectives in the areas of community services, sports, education or multicultural pursuits would characteristically share in lottery profits through those respective groups.

The overall intent of the Umbrella Group System is to provide the mechanism for the fair and equitable sharing of lottery proceeds within the Manitoba community. The Manitoba Lotteries Foundation is responsible for the distribution of gaming revenues to these groups in the amounts determined by the provincial government. The Foundation monitors the functioning of the Umbrella System and requires each group to provide a financial reporting on an annual basis.

Where the Lottery Money Goes

Each specific Umbrella determines how the funds will be distributed. Decisions determining which community groups are supported and to what degree are made through the various volunteer granting committees of the respective Umbrellas. Each Umbrella is responsible for determining the funding criteria best suited to the needs of organizations throughout the Manitoba community.

Appeal procedures also exist and vary by group.

Designated Umbrella Groups:

Manitoba Arts Council
Manitoba Community Education Association
Manitoba Community Services Council
Manitoba Heritage Federation
Manitoba Intercultural Council
Manitoba Sports Federation

Manitoba Arts Council

Not-for-profit, professional arts groups and province-wide arts organizations are represented by the Manitoba Arts Council. Lottery revenues are applied by this Umbrella toward special projects, tours, deficit reduction and operations.

Rainbow Stage, the Royal Winnipeg Ballet, the Winnipeg Symphony Orchestra, the Manitoba Writers' Guild and the Manitoba Association of Community Arts Councils are among the organizations that receive funding through this Umbrella.

Lottery revenues are shared between the Manitoba Arts Council and the Arts Gaming Commission on a 75%-25% ratio. The Gaming Commission consists of a board of volunteers that reports to the Council.

Arts organizations earned $4,697,249.00 in 1985-86 through the allocation of bingo events, casino days and other gaming funds.

Further information on lottery-funded programs and services of this Umbrella are available by contacting the Manitoba Arts Council, 100-93 Lombard Avenue, Winnipeg, Manitoba R3B 3B1, ph. 945-4514.

Manitoba Community Education Association Inc.

A number of parochial and independent schools throughout the Province are represented by the Manitoba Community Education Association Inc. These share in revenues generated by casinos and bingo events and, in turn, provide volunteers to assist in their operation.

Funds are allocated to participating member schools in proportion to their respective student enrollments. Non-denominational, Roman Catholic and Jewish schools are among the membership:

Holy Ghost School
Monsignor James K. MacIsaac School
St. Gerard's School
St. Charles Academy
St. Maurice School
Holy Cross School
St. Alphonsus School
St. Vladimir's College
Talmud Torah/I.L. Peretz Folk School
Torah Academy
St. John Brebeuf School
Immaculate Heart School
St. Edward's School
St. Mary's Academy
St. Paul's High School
St. Emile School
St. Boniface Diocesan School
St. Joseph the Worker School
Joseph Wolinsky School
Ramah Hebrew School
Balmoral Hall School for Girls

In fiscal 1985-86 members of this Umbrella shared in $1,893,825.00 of gaming revenues.

Further information on lottery-funded programs and services of this Umbrella are available by contacting the Manitoba Community Education Association, 104 Brock Street, Winnipeg, Manitoba R3N 0Y4, ph. 942-0161.

Manitoba Community Services Council

Non-profit, volunteer organizations that provide various services for the benefit of their respective communities receive gaming-funded support through the Manitoba Community Services Council. Recreation, youth and senior services, day cares, health related services and other social services are among those considered by the Council.

The board of the Manitoba Community Services Council consists of up to fifteen volunteers representing both rural and urban Manitoba.

This Umbrella's only mandate is to allocate gaming funds. In 1985-86, the Manitoba Community Services Council allocation from the Provincial Gaming Fund was $2,687,384.00. A further $974,820.00 was earned by Manitoba Community Service organizations through the bingo halls and $342,329.00 through the casino.

Further information on lottery-funded programs and services of this Umbrella are available by contacting the Manitoba Community Services Council, 3rd floor - 5 Donald Street, Winnipeg, Manitoba R3L 2T4, ph. 475-3728.

Manitoba Heritage Federation

A total of 69 community-based, incorporated organizations and six provincial associations — all united by common heritage objectives — make up the Manitoba Heritage Federation. This Umbrella's gaming committee consists of representatives from all over Manitoba and includes the following disciplines:

Archaeology
Archives
Environmental & Natural History
Genealogy
Historical Architecture
History
Museology

Grants are extended to museum boards, historical societies, sponsored individuals, and heritage groups for the continued development and promotion of heritage projects and programs throughout the Province.

The Manitoba Heritage Federation shares in revenues from casino events and supplies volunteers to assist in their operation. During the 1985-86 period, the Manitoba Heritage Federation realized $595,148.00 profits from those events.

Further information on lottery-funded programs and services of this Umbrella are available by contacting the Manitoba Heritage Federation, Room 434 - 167 Lombard Avenue, Winnipeg, Manitoba R3B 0T6, ph. 943-4568.

Manitoba Intercultural Council

Ethnocultural communities and eligible organizations which provide cultural activities beneficial to Manitobans are represented by the Manitoba Intercultural Council. Operational funding, capital projects, new cultural projects and intercultural activities are examples of activities supported.

Recommendation on the distribution of gaming revenues is completed by the Community Resources Allocation Committee which is appointed by and reports to the Manitoba Intercultural Council's board. All profits awarded to this Umbrella are maintained in the Ethnocultural Community Support Fund.

During 1985-86, the Manitoba Intercultural Council was allocated $680,804.00 from the Provincial Gaming Fund. In the year ended March 31, 1986, member organizations shared in $486,593.00 earned through bingo. The 1985 casino netted a profit of $157,208.00 shared by the following organizations:

Dutch Canadian Society
Lebanese Association
Manitoba Association for Promotion of Ancestral Languages
Manitoba Parents for Ukrainian Education
Saint Andrew's Society
Scandinavian Centre
Ukrainian Folk Arts Centre
Francofonds

Further information on lottery-funded programs and services of this Umbrella are available by contacting the Manitoba Intercultural Council, 500 - 283 Bannatyne Avenue, Winnipeg, Manitoba R3B 3B2, ph. 945-4576.

Manitoba Sports Federation

Over 70 provincial sport associations, multi-sport bodies and non-profit amateur sports organizations throughout Manitoba are represented by the Manitoba Sports Federation, whose main objective is the promotion and development of sport in the Province.

Gaming revenues to this group are divided between the operation of the Manitoba Sports Federation itself, and the Sports Governing Bodies. The affairs of this Umbrella are, in turn, directed by a Gaming Advisory Committee appointed by and reporting to the Manitoba Sports Federation.

During 1985-86, the Manitoba Sports Federation earned $335,506.00 in casino earnings while an additional $2,244,648.00 was raised by sports organizations at MLF-operated bingo halls. The Gaming Fund allocation to the Federation was $6,127,237.00.

Further information on lottery-funded programs and services of this Umbrella are available by contacting the Manitoba Sports Federation, 1700 Ellice Avenue, Winnipeg, Manitoba R3H 0B1, ph. 786-5641.

SPECIAL AGREEMENT GROUPS

The name "Special Agreement Group" specifically refers to a number of other organizations, dedicated to community improvement, that have secured special funding arrangements with the Manitoba Lotteries Foundation.

The Manitoba Lotteries Foundation also allocates gaming revenues to these groups for the purposes of funding programs, projects and related activities which meet the objectives agreed to by both parties.

List of Designated Special Agreement Groups:

Manitoba Medical Research
800 Sherbrook Street
Winnipeg, Manitoba
R3A 1M4

Red River Exhibition Association
1430 Maroons Road
Winnipeg, Manitoba
R3G 0L5

Le Festival du Voyageur
768 Tache Avenue
Winnipeg, Manitoba
R2H 2C4

Folk Arts Council of Winnipeg Inc.
(Folklorama)
Winnipeg Convention Centre
375 York Avenue
Winnipeg, Manitoba
R3C 3J3

The United Way of Winnipeg
Third Floor - 5 Donald Street
Winnipeg, Manitoba
R3L 2T4

Winnipeg Blue Bombers Football Club
1465 Maroons Road
Winnipeg, Manitoba
R3G 0L6

Manitoba Medical Research

The Manitoba Hotel Association (MHA) first agreed to market breakopen tickets in August 1981. Proceeds from these sales were then used to support the St. Boniface General Hospital Research Foundation.

An official letter of agreement in March 1984 confirmed the continued success of this form of fund-raising in Manitoba. By the end of the 1984-85 fiscal year, the commitment to the St. Boniface General Hospital was met. Since that time, funds have been forwarded to the (Winnipeg) Health Sciences Center Research Foundation.

The MLF provides hoteliers with marketing and management resources through field representatives. In 1985-86 Manitoba Medical Research received 13.5% of the gross revenue generated by the sale of breakopen tickets in hotels while the hotels received a commission of 7.5%. Through an increase in MLF support staff, the service to hotels improved while the total number of participating hotels rose from 190 to 217 during the year.

During this fiscal period, revenues from breakopen ticket sales in Manitoba hotels were apportioned as follows:

a) 45% towards the Manitoba Health Research Council of Manitoba;

b) 45% towards the two participating Winnipeg teaching hospitals on an equal, cost-sharing basis for capital projects, to be divided, in order,

(i) $2.5 million to Winnipeg Health Sciences Center,
(ii) $2.5 million to Children's Hospital Research Foundation;

c) 10% towards Administrative Research.

The proceeds to Manitoba Medical Research and participating hospitals from breakopen tickets sold in MHA-member hotels during 1985-86 totalled $1,856,185.00.

Red River Exhibition Association

Originated by The Kinsmen Club of Winnipeg in 1952, the Red River Exhibition Association is a volunteer, non-profit community-sponsored organization and is also an agricultural society.

Each June, the Red River Exhibition is held in the area immediately surrounding (and including) the Winnipeg Stadium and Arena. A multitude of rides, agricultural/horticultural exhibits and competitions, food and entertainment is offered in one of the province's most popular summer attractions.

The affairs of this group are managed by a Board of 43 Directors — all of whom are volunteers. Its objectives include the promotion of Manitoba industry, agriculture, tourism and commerce; better understanding between racial and economic groups; and the promotion, assistance and conduct of fairs, shows and lawful games of all kinds — not limited to those involving horses, cattle, agriculture, horticulture, industry, athletics and recreation.

An annual casino event is held in the Association's name at the MLF's permanent casino. Proceeds from this event support the Red River Exhibition Association. During the fiscal year of 1985-86, the Red River Exhibition Association earned a total of $239,650.00 in MLF-casino generated revenues.

Le Festival du Voyageur

A unique and colourful special agreement group, Le Festival du Voyageur is also supported by profits generated by the Manitoba Lotteries Foundation's casino operations.

The Festival, itself, is an annual, week-long celebration of French-Canadian, Metis and Native culture and heritage. It is also the largest winter festival to be found in Western Canada.

Each February, Le Festival du Voyageur provides Manitobans with an opportunity to sample such diverse and exciting activities as ice sculpture, hockey, a wide range of foods, music and dance as well as cultural exhibits, a Mardi Gras and even a beard-growing competition.

Le Festival du Voyageur attracts and appeals to a growing number of Manitoba patrons and participants yearly. An annual casino event is held in its name.

During the fiscal period of 1985-86, a total of $260,628.00 was generated by the Manitoba Lotteries Foundation casino to be used expressly by Le Festival du Voyageur.

Folk Arts Council of Winnipeg Inc.

Another famous ethno cultural festival which derives financial support from the gaming profits of the Manitoba Lotteries Foundation is, of course, Folklorama. Organized and supervised by The Folk Arts Council of Winnipeg, a non-profit, community-sponsored organization, Folklorama truly is a "Festival of Nations". Every August since 1969, Folklorama pavilions — each representing a different nationality or ethnic heritage — have been swelling in number and in popularity, not just with Manitobans but with people from other parts of Canada and the United States. Visitors are offered a wide and colourful variety of ethnic foods, music, dance and exhibits; and are encouraged to "travel" throughout Winnipeg in order to see as many different pavilions as they desire.

Like other Special Agreement Groups, The Folk Arts Council of Winnipeg also benefits from the proceeds of an annual casino event. During the fiscal period of 1985-86, The Folk Arts Council of Winnipeg earned a total of $262,951.00 in casino-generated revenue.

The United Way of Winnipeg

The United Way has shared in lottery revenues since 1975. Now, the Manitoba Lotteries Foundation supports the United Way through the provincial Gaming Fund. All MLF-generated revenues go towards administration costs. This enables the organization to use monies raised through annual donation campaigns (plus interest) to pay for services, programs or projects provided by the United Way and its various participating agencies throughout the Province.

The United Way works on behalf of over 65 service agencies such as Meals On Wheels, the YMCA's and YWCA's and the Canadian Red Cross Society. Through the United Way of Winnipeg, lottery funds also support 14 United Ways in Manitoba.

The United Way receives 5.6% of the provincial Gaming Fund each year. These funds are to be used for the following:

a) the administration expenses of the United Way of Winnipeg;

b) the allocations to other United Ways in Manitoba outside Winnipeg; and

c) the allocation to the United Way of Canada.

Any funds remaining are forwarded to the Manitoba Community Services Council.

During the fiscal year of 1985-86, the MLF contribution to the United Way totalled $2,006,580.00.

Winnipeg Blue Bombers Football Club

Like the other non-profit, community-sponsored organizations the Winnipeg Blue Bombers also reap their share of financial support. Each year since 1981, the Winnipeg Blue Bombers Football Club has received gaming profits generated by a casino event held for its benefit.

Founded in 1935, the Winnipeg Football Club has often captured the Western Conference Championship in the Canadian Football League and has gone on to win the coveted Grey Cup. Football fans throughout the Province enjoy the colourful, action-packed exploits of the Bombers, season after season.

During the 1985-86 fiscal year, the Winnipeg Blue Bombers Football Club earned $249,401.00 in casino-generated funds.

GOVERNMENT OF MANITOBA

The Manitoba Lotteries Foundation provides gaming revenues to two Departments of Government in support of programs of benefit to communities throughout the Province:

Manitoba Health (Sport Directorate)
Seventh Floor - 175 Hargrave Street
Winnipeg, Manitoba
R3C 3R8

Manitoba Culture, Heritage and Recreation
Room 313 Legislative Bldg.
Winnipeg, Manitoba
R3C 0V8

Manitoba Health

Gaming funds support Department of Health programs and activities in the areas of fitness promotion, sport and research.

"To stimulate sport growth and development in Manitoba that would have a positive effect on the physical, mental and social well-being of all Manitobans" is the mandate of this provincial government department. Through the Sport Directorate, the Manitoba Lotteries Foundation helps services and projects meet the continuum of sport development from the community "grass roots" level to the elite "high performance" athlete, coach and volunteer.

In working with provincial and regional sport associations, opportunities are made available to allow all Manitobans to participate at their desired skill level. The Sport Directorate also provides consultative and financial assistance to encourage annual planning.

During the fiscal period of 1985-86, Manitoba Health earned a total of $4,371,479.00 in gaming funds from the Manitoba Lotteries Foundation.

Manitoba Culture, Heritage and Recreation

The community mandate of this department is to enhance the quality of life in Manitoba and to contribute to a strengthening of community identities within the province by:

a) promoting awareness, understanding and appreciation of Manitoba's heritage and cultural diversity;

b) stimulating and supporting the development of community initiatives in culture, heritage and recreation;

c) identifying, protecting and interpreting significant ethnocultural, historic and prehistoric resources;

d) supporting the provision of opportunities for artists, artisans and other cultural workers to pursue their chosen fields;

e) providing greater economic benefit and development through support of cultural enterprises and other heritage and recreation projects; and

f) providing access to and supporting the diffusion of knowledge and information resources.

In support of these goals, funds generated by the various gaming operations of the Manitoba Lotteries Foundation are applied to a wide range of programs and projects.

Each year Manitoba Culture, Heritage and Recreation receives a percentage of the provincial Gaming Fund. During the fiscal period of 1985-86, the Manitoba Lotteries Foundation contribution totalled $12,003,651.00.

THE UMBRELLA REVIEW REPORT

Completed in the Spring of 1986, the Umbrella Review examined both the appropriateness and effectiveness of the umbrella group system in using lottery revenues to serve Manitobans.

Authorized by the Hon. Eugene Kostyra, then Minister responsible for Lotteries, and the Board of Directors of the Manitoba Lotteries Foundation, the Review was guided and supervised by a three-person sub-committee. Mr. Al Miller, selected as consultant for the review, was formerly a Deputy Minister for Fitness, Recreation and Sport in Manitoba.

THE MANITOBA LOTTERIES FOUNDATION

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A to C and Schedules 1 to 7, of The Manitoba Lotteries Foundation for the fiscal year ended March 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Foundation as at March 31, 1986 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Fred W. Jackson

F. H. Jackson, C.A.,
Provincial Auditor.

July 31, 1986,
Winnipeg, Manitoba.

Exhibit A

THE MANITOBA LOTTERIES FOUNDATION
Balance Sheet
as at March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Assets		
Current Assets:		
Cash on hand and in bank	$ 5,652,832	$ 1,527,809
Term deposits with Minister of Finance	12,500,000	12,460,633
Accrued interest receivable	135,637	150,216
Accounts receivable:		
Western Canada Lottery Corporation	2,305,634	2,549,748
Trade	355,442	80,939
Miscellaneous	198,777	310,621
Inventories — at lower of cost or net realizable value:		
Lottery tickets	—	287,865
Bingo paper	137,680	200,131
Breakopen tickets	119,822	178,425
Canteen supplies	—	22,226
	21,405,824	17,768,613
Deposit on land	109,211	—
Net fixed assets, Note 4	2,566,364	1,738,262
Total assets	$24,081,399	$19,506,875

Liabilities and Fund Account Balances	1986	1985
Current liabilities:		
Account payable and accrued liabilities:		
Government of the Province of Manitoba	$ 240,132	$ 312,556
Western Canada Lottery Corporation	90,832	209,711
Trade	553,403	543,875
Casino-In-Process	—	623,295
Fund account balances — payable to organizations or the Government of the Province of Manitoba, Exhibit B, Note 2:		
Casino	287,834	48,402
Bingo Halls	1,018,180	544,244
Gaming Fund	9,566,970	8,528,074
	11,757,351	10,910,217
Deferred employee benefit	336,886	217,477
Fund account balances — Exhibit B, Note 2:		
General	2,737,757	3,215,809
Special	2,594,015	1,924,591
Equalization Fund	6,655,390	3,238,781
Total liabilities and fund account balances	$24,081,399	$19,506,875

Exhibit B

THE MANITOBA LOTTERIES FOUNDATION

Statement of Changes in Fund Account Balances for the year ended March 31, 1986
(with 1985 figures for comparison)

	Fund Account Balances — payable to organizations or the Government of the Province of Manitoba, Note 2			Fund Account Balances, Note 2			Totals	
	Casino	Bingo Halls	Gaming Fund	General	Special	Equalization Fund	1986	1985
Balance, beginning of year	$ 48,402	$ 544,244	$ 8,528,074	$ 3,215,809	$ 1,924,591	$ 3,238,781	$17,499,901	$ 7,756,893
Add:								
Revenue over expenditure, Exhibit C	4,596,993	4,150,709	38,033,836	—	—	—	46,781,538	35,501,708
Transfers between funds accounts	—	—	(3,774,552)	(478,052)	669,424	3,583,180	—	—
Recoverable from future casinos, Note 2(f)	77,675	—	—	—	—	—	77,675	88,115
	4,723,070	4,694,953	42,787,358	2,737,757	2,594,015	6,821,961	64,359,114	43,346,716
Deduct:								
Funds transferred to the Government of the Province of Manitoba, Schedule 6	—	—	16,250,513	—	—	—	16,250,513	10,008,765
Grants to organizations, Schedule 7	4,435,236	3,676,773	16,969,875	—	—	166,571	25,248,455	15,838,050
	4,435,236	3,676,773	33,220,388	—	—	166,571	41,498,968	25,846,815
Balance, end of year, Exhibit B	$ 287,834	$ 1,018,180	$ 9,556,970	$ 2,737,757	$ 2,594,015	$ 6,655,390	$22,860,146	$17,499,901

Exhibit C

THE MANITOBA LOTTERIES FOUNDATION
Statement of Revenue and Expenditure
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Revenue:		
Net lottery sales revenue, Schedule 1	$30,587,600	$22,865,190
Bingo paper and breakopen ticket sales, Schedule 2	9,125,162	8,897,504
Bingo hall revenue over expenditure, Schedule 3	4,150,709	2,833,402
Casino revenue over expenditure, Schedule 4	4,596,993	2,365,118
Interest income	1,474,505	1,212,386
Licence fees	388,463	781,568
Other income	98,602	34,741
	50,422,034	38,989,909
Administrative expenses, Schedule 5	3,640,496	3,488,201
Revenue over expenditure, Exhibit B	$46,781,538	$35,501,708

Schedule 1

THE MANITOBA LOTTERIES FOUNDATION
Schedule of Net Lottery Sales Revenue
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Lottery sales at retail, Note 2(b):		
Lotto 6/49	$46,477,515	$27,970,205
Instant	16,000,000	14,750,247
Super Loto	7,909,010	6,584,170
Lotto West	5,826,741	3,933,014
Provincial	5,678,005	5,186,490
Western Express	5,569,979	6,510,715
Anniversary	—	887,900
	87,461,250	65,822,741
Interest and other revenue — Western Canada Lottery Corporation	945,364	786,259
	88,406,614	66,609,000
Cost of lottery sales — Western Canada Lottery Corporation	54,350,967	42,339,576
	34,055,647	24,269,424
Payment by agreement to the Government of Canada, Note 5	3,468,047	1,404,234
Net lottery sales revenue, Exhibit C	$30,587,600	$22,865,190

Schedule 2

THE MANITOBA LOTTERIES FOUNDATION
Schedule of Bingo Paper and Breakopen Ticket Sales
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Bingo paper:		
Sales:		
— licensees	$ 795,360	$ 467,580
— bingo halls, Schedule 3	252,083	296,800
	1,047,443	764,380
Cost of bingo paper sold	924,620	556,867
Net sales	$ 122,823	$ 207,513
Breakopen tickets:		
Sales:		
— licensees	$ 9,425,380	$ 9,682,435
— bingo halls, Schedule 3	1,093,232	1,018,350
	10,518,612	10,700,785
Cost of breakopen tickets sold	1,516,273	2,010,794
Net sales	$ 9,002,339	$ 8,689,991
Bingo paper and breakopen ticket sales, Exhibit C	$ 9,125,162	$ 8,897,504

Schedule 3

THE MANITOBA LOTTERIES FOUNDATION
Schedule of Bingo Hall Revenue and Expenditure
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Revenue		
Bingo paper:		
Sales (retail)	$ 8,659,491	$ 7,057,899
Less: Prizes	5,156,265	4,381,292
Cost of paper sold, Schedule 2	252,083	296,800
	3,251,143	2,379,807
Breakopen tickets:		
Sales (retail)	9,073,567	7,550,925
Less: Prizes	5,896,969	4,918,509
Cost of tickets sold, Schedule 2	1,093,232	1,018,350
	2,083,366	1,614,066
Canteen proceeds, Note 3	118,205	270,362
	5,452,714	4,264,235
Expenditure		
Advertising	89,070	183,271
Bingo hall rental	263,762	231,483
Canteen expenses	5,119	2,087
Canteen salaries and benefits, Note 3	—	132,916
Depreciation and amortization	278,645	247,315
Maintenance	105,885	38,245
Other	3,879	18,137
Salaries and benefits:		
— permanent	173,732	199,757
— casual	103,263	121,352
Security	48,942	30,158
Shortage allocated to organizations	169,146	150,595
Supplies	2,088	19,520
Utilities	57,474	55,997
	1,302,005	1,4320,833
Revenue over expenditure, Exhibit C	$ 4,150,709	$ 2,833,402

Schedule 4

THE MANITOBA LOTTERIES FOUNDATION
Schedule of Casino Revenue and Expenditure
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Revenue		
Casino proceeds	$ 7,409,517	$ 3,603,217
Interest	8,734	37,453
	7,418,251	3,640,670
Expenditure:		
Advertising	125,679	36,378
Depreciation and amortization	144,783	20,952
Other	80,171	34,317
Rentals	193,019	128,587
Salaries and benefits:		
— permanent	208,520	104,547
— casual	1,932,790	834,898
Security	83,217	40,478
Supplies	53,079	75,395
	2,821,258	1,275,552
Revenue over expenditure, Exhibit C	$ 4,596,993	$ 2,365,118

Schedule 5

THE MANITOBA LOTTERIES FOUNDATION
Schedule of Administrative Expenses
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Advertising and promotion	$ 91,188	$ 317,236
Board members' fees and expenses	27,182	29,189
Cartage	110,640	113,468
Commissions and bonuses	123,280	105,175
Depreciation and amortization	159,817	50,646
Equipment rentals, repairs and maintenance	70,643	85,734
Insurance, security and property taxes	61,130	27,595
Office and storage space rentals	164,337	196,591
Provision for pension benefits	101,503	101,290
Postage, telephone and telex	87,621	71,255
Professional fees	46,259	125,612
Salaries and benefits	2,149,971	1,829,989
Sundry	128,242	103,758
Supplies and printing	91,124	115,775
Travel	227,559	214,888
Total administrative expenses, Exhibit C	$ 3,640,496	$ 3,488,201

Schedule 6

THE MANITOBA LOTTERIES FOUNDATION
Schedule of Transfers to the Government of the Province of Manitoba
for the year ended March 31, 1986
(with 1985 figures for comparison)

	1986	1985
Department of Culture, Heritage and Recreation	$11,781,393	$ 7,230,790
Department of Health	4,469,120	2,777,975
Total transfers, Exhibit B	$16,250,513	$10,008,765

Schedule 7

THE MANITOBA LOTTERIES FOUNDATION
Grants to Organizations, Note 6, for the year ended March 31, 1986
(with 1985 figures for comparison)

	Casino	Bingo Halls	Gaming Fund	Equalization Fund	Totals 1986	Totals 1985
Manitoba Sports Federation Inc. and member organizations	$ 335,506	$ 2,019,037	$ 6,013,785	$ —	$ 8,368,328	$ 5,144,071
Manitoba Arts Council and member organizations	171,164	132,492	4,290,537	—	4,594,193	2,862,545
Manitoba Community Education Association Inc. and member organizations	1,480,652	243,282	—	—	1,723,934	885,879
Manitoba Community Services Council and member organizations	342,328	881,917	2,637,625	—	3,861,870	2,442,690
Manitoba Heritage Fund Inc.	490,932	—	—	—	490,932	469,729
Manitoba Intercultural Council and member organizations	149,347	400,045	451,256	—	1,000,648	438,184
United Way of Winnipeg	—	—	1,969,426	—	1,969,426	1,230,919
Health Sciences Center Research Foundation	—	—	758,563	—	758,563	—
Manitoba Health Research Council	—	—	803,623	—	803,623	650,701
St. Boniface General Hospital Research Foundation Inc.	—	—	45,060	—	45,060	650,701
Manitoba Mental Health Research Foundation	—	—	—	35,000	35,000	—
Festival du Voyageur	265,556	—	—	—	265,556	514,724
Red River Exhibition Association	239,650	—	—	—	239,650	193,218
Folk Arts Council of Winnipeg Inc.	255,776	—	—	60,261	316,037	87,393
Winnipeg Blue Bombers Football Club	249,401	—	—	—	249,401	147,654
Royal Canadian Legion, Manitoba and Northwest Ontario Command	—	—	—	71,310	71,310	58,344
Rural Casinos, Note 7	454,924	—	—	—	454,924	61,298
Total, Exhibit B	$ 4,435,236	$ 3,676,773	$16,969,875	$ 166,571	$25,248,455	$15,838,050

THE MANITOBA LOTTERIES FOUNDATION
Notes to the Financial Statements for the year ended March 31, 1986

1. Establishment of the Foundation and Nature of Operations

Order-in-Council 282/83 dated March 16, 1983 proclaimed the Manitoba Lotteries Foundation Act.

The Foundation is the Agent of the Government of the Province of Manitoba in the Western Canada Lottery Corporation (W.C.L.C.). W.C.L.C. is responsible for providing the lottery tickets, determining the winning tickets, paying out the prizes, as well as other administrative responsibilities as determined by the member Provinces.

The Manitoba Lotteries Foundation is responsible for the overall conduct and management of all lottery schemes in Manitoba, except for raffles with prizes under three thousand dollars. The Foundation may issue licences to organizations to hold lottery schemes, in which case, the Foundation carries out a supervisory and compliance control.

The Manitoba Lotteries Foundation conducts and manages bingo and breakopen ticket lotteries at three bingo halls (two halls beginning January 1, 1986). The Foundation also conducts and manages all casinos in the Province of Manitoba.

2. Significant Accounting Policies

(a) Revenue and expenditure recognition

Revenue and expenditure is recorded on an accrual basis except for the following:

(i) Revenue on lottery ticket sales, Schedule 1, Note 2(b), is recognized on sales for which draws are completed in the fiscal year.

(ii) Casino revenue and expenditure, Schedule 4, Note 2(f), is recognized on casinos which are completed in the fiscal year.

(iii) Licensing revenue, Note 2(c), is recognized on a cash receipts basis.

(b) Government Lotteries

Lottery revenue is received from W.C.L.C. and represents the revenue the Foundation receives from government lottery sales in the Province of Manitoba less Manitoba's share of W.C.L.C.'s costs associated with these sales and Manitoba's share of the amounts owing to the Federal Government.

(c) Licence Fees

Licence fees are assessed to recover certain of the Foundation's operating costs pertaining to the regulation of lottery schemes in the Province.

(d) Fixed Assets and Depreciation

Fixed assets are recorded at cost.

Furniture and other equipment are depreciated on a straight-line basis over 5 years.

Building is depreciated on a straight-line basis over 20 years.

Leasehold improvements are amortized over the term of the lease.

Automotive equipment is depreciated on a declining balance method at 30% per annum.

Casino equipment and chips is depreciated on a declining balance method at 20% per annum.

Casino security equipment is depreciated on a straight-line basis over 10 years.

(e) Pension Costs

The officers and employees of the Foundation are members of the Civil Service of the Government of the Province of Manitoba, and they contribute to and are pensionable under the Civil Service Superannuation Fund.

It is the policy of the Foundation to provide for the employer's portion of pension benefits earned by employees on an indexed basis. An actuarial report as at December 31, 1983 calculated the value of these liabilities at $100,900. The actuary's formula projects this figure to $336,886 as at March 31, 1986 (1985 - $217,477).

(f) Casino

The casino statement, Schedule 4, reflects the transactions pertaining to casinos operated and managed by the Foundation.

The casinos are charged with all direct expenses of operating the casinos. There is no allocation of senior management's salaries which are considered indirect. All indirect expenses are recorded as administrative expenses because they affect the total operations of the Foundation.

The Foundation deducts from the proceeds of each casino an amount intended to recover direct expenses. If direct expenses exceed the amount charged to the casinos the variance is recovered from future casinos. If the direct expenses are less than the amount charged to the casinos the variance is payable to the organizations that were involved with the casino events.

(g) Bingo Halls

The bingo hall statement, Schedule 3, reflects the transactions pertaining to bingo hall events operated and managed by the Foundation. The bingo hall operations are charged for all direct expenses of operating the bingo halls. All indirect expenses are recorded as administrative expenses because they affect the total operations of the Foundation.

The Foundation deducts from the proceeds of each bingo event an amount intended to recover direct expenses. If direct expenses exceed the amount charged to the bingos the variance is recovered from future bingos. If the direct expenses are less than the amount charged to the bingos the variance is payable to the umbrella groups associated with the organizations that were involved with the bingo events.

(h) Fund Accounts

The Foundation maintains specific fund accounts in order to recognize restrictions placed on the use of resources. The funds are included in the net assets of the Foundation.

The proceeds realized by the Foundation from time to time from the conduct and management of lottery schemes, less the costs of conducting and managing the lottery schemes and administering the Manitoba Lotteries Foundation Act, are to be used and applied as the Lieutenant Governor-in-Council directs or in accordance with general guidelines prescribed by the Lieutenant Governor-in-Council.

(i) Gaming Fund Account

The Gaming Fund Account is credited with the net proceeds from operations except for casino and bingo hall operations.

The available proceeds of this Fund account are payable and/or transferable to charitable community organizations through their designated umbrella groups, to designated departments of the Government of the Province of Manitoba and to the Equalization Fund Account based on a sharing formula approved by Order-in-Council.

(ii) Casino and Bingo Hall Fund Accounts

These fund accounts are credited with the net proceeds from casinos and bingos operated by the Foundation.

The proceeds are payable to umbrella groups and/or community organizations that were involved with the casino and/or bingo events.

(iii) General Fund Account

The General Fund Account reflects $2,000,000 in retained income for working capital and investments in fixed assets. For the year ended March 31, 1986 a net interfund transfer to the Special Fund Account was recorded as required by Cabinet directive. Transfers are being made back to the Special Fund Account over the next four years to carry out the balance of the Cabinet directive.

(iv) Special Fund Account

The Special Fund Account is set up and used for special projects as authorized by Cabinet. Changes in the account during the year are set out below:

Opening balance		$1,924,591
Transfers from General Fund Account, Note 2(h) (iii)	$478,052	
Interest transferred from Gaming Fund Account	191,372	669,424
Closing balance, Exhibit B		$2,594,015

(v) Equalization Fund Account

This Fund Account receives a 10% allocation of the net proceeds credited to the Gaming Fund Account after adjustments for medical research proceeds and interested allocated to the Special Fund Account. This is based on a sharing formula approved by Order-In-Council. The purpose of this Fund Account is to provide for adjustments which may be necessary, based on historical relationshis between sharing groups in the Gaming Fund Account and any other uses at the sole discretion of the Government of the Province of Manitoba.

3. Canteen

On April 1, 1985, the Foundation contracted with a food services management firm to manage the canteens at the bingo halls. The management firm maintains the inventory, pays the salaries and direct expenses and remits the net proceeds less their management fees to the Foundation.

4. Fixed Assets

	Cost	Accumulated Depreciation and Amortization	1986 Net Book Value	1985 Net Book Value
Land	$ 102,162	$ —	$ 102,164	$ 102,162
Furniture and equipment	604,967	215,999	388,968	212,611
Building	1,177,903	49,079	1,128,824	821,684
Leasehold improvements	732,476	529,664	202,812	281,373
Casino equipment and chips	414,961	99,754	315,207	293,327
Other equipment	100,018	33,298	66,720	27,103
Casino security	390,993	29,324	361,669	—
	$3,523,482	$ 957,118	$2,566,364	$1,738,262

5. Payment to Government of Canada

Effective January 1, 1980, the Government of Canada terminated its involvement in lotteries. In return, the ten Provinces are to contribute an annual sum of $24,000,000, adjusted for inflation, to the Federal Government.

During the year, a second agreement was signed between the Provinces of Canada and the Federal Government whereby the Provinces have agreed to pay $100,000,000 over three years in return for the Federal Government amending the criminal code removing the Federal Government as a participant in lottery and gaming activities.

Manitoba's share of payment	1986	1985
Agreement #1	$1,821,054	$1,404,234
Agreement #2	1,646,993	—
	$3,468,047	$1,404,234

6. Grants to Organizations

Grants to organizations reflected on Schedule 7 were made to the umbrella groups and/or member organizations. Agreements and/or letters of understanding with the umbrella groups provide for Manitoba Lotteries Foundation to make certain payments directly to the member organizations.

7. Rural Casinos

Proceeds of the rural casinos were paid to the following organizations:

	1986	1985
Provincial Exhibition of Brandon	$ 55,267	$ —
East St. Paul Community Club	47,163	—
East Selkirk Recreation Assoc. Inc.	38,978	—
Garson Community Rink Inc.	32,731	—
South Interlake Golf and Country Club	27,554	—
Kinsmen Club of Stony Mountain	24,134	—
Beausejour Brokenhead Memorial Arena Board	22,092	—
St. Andrews Community Club	21,652	—
Lorette Sports Centre	18,537	—
Winnipeg Beach Community Curling Club	18,452	—
Morris Curling Club	18,182	—
Kinsmen Club of Stonewall	17,816	—
Elie Community Club	16,058	—
Oakbank Community Club	16,007	—
Kinsmen Club of Gimli	15,005	—
Selkirk Casino Umbrella Group	14,832	26,153
Balmoral Skating and Hocke Club	13,887	—
Kinsmen Club of Thompson	10,489	—
Grosse Isle Memorial Recreation Club	8,206	—
Labroquerie Arena Board	5,296	—
Kinsmen Club of The Pas	4,985	—
Kinsmen Club of Flin Flon	4,054	—
St. Anne Aces Hockey Club	3,547	16,601
Northern Manitoba Trapper's Festival	—	18,544
	$454,924	$ 61,298

8. Commitments and Contingent Liability

(a) The following contractual liabilities exist as at March 31, 1986:

Operating lease commitments for facilities, halls and equipment amount to $670,200.

The minimum rental payments on these leases for subsequent fiscal years are:

March 31, 1987	$276,689
March 31, 1988	226,424
March 31, 1989	167,087
	$670,200

(b) The following contingent liability exists as at March 31, 1986:

Four claims have been filed against the Foundation. Two claims are with respect to the Foundation's operating, managing and controlling certain specified bingo halls in the Province of Manitoba. One claim pertains to the Foundation's refusal of a certain licence while another claim concerns the business of selling lottery products outside the Province of Manitoba.

The financial implication of these claims cannot be determined at this time.

No provision has been made in accounts of the Foundation in respect to these claims as at March 31, 1986.

9. Comparative Figures

The 1985 figures have been reclassified where necessary to conform to the 1986 financial statement presentation.